

Salisbury, North Carolina
February 7, 2012

REGULAR MEETING

PRESENT: Mayor Paul B. Woodson Jr., Presiding; Mayor Pro Tem Susan W. Kluttz, Council Members Maggie A. Blackwell, William (Pete) Kennedy, and, William Brian Miller; Interim City Manager Doug Paris; City Clerk Myra B. Heard; and City Attorney F. Rivers Lawther, Jr.

ABSENT: None

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Woodson at 4:00 p.m. The invocation was given by Mayor Pro Tem Kluttz.

PLEDGE OF ALLEGIANCE

Mayor Woodson recognized Boy Scout Troop 443 from St. John's Lutheran Church. He invited the Boy Scouts to lead those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Woodson welcomed all visitors present. He also recognized students from the State and Local Politics Class at Livingstone College who were in attendance.

Mayor Woodson stated Council is delighted the Rowan-Salisbury School Board has chosen downtown Salisbury for its Central Administrative Office. He thanked the Rowan-Salisbury School Board, the Rowan County Commissioners and everyone who worked on the project.

CONSENT AGENDA

(a) Approval of Minutes

Approve Minutes of the Special Meeting of January 11, 2012, the Recessed Meeting of January 12, 2012 and the Recessed and Regular Meetings of January 17, 2012.

(b) Budget Ordinance Amendment – Insurance Proceeds

Adopt a Budget **ORDINANCE** amendment to the FY2011-2012 budget in the amount of \$5,479 to appropriate insurance proceeds.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE INSURANCE PROCEEDS.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 4, and is known as Ordinance 2012-04.)

(c) Budget Ordinance Amendment – SAFER Grant

Adopt a Budget **ORDINANCE** amendment to the FY2011-2012 budget in the amount of \$183,077 to appropriate grant funds from the US Department of Homeland Security under the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE A FIRE DEPARTMENT GRANT.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 5, and is known as Ordinance 2012- 05.)

Thereupon, Ms. Kluttz made a **motion** to adopt the Consent Agenda as presented. Mr. Miller seconded the motion. Messrs. Kennedy, Miller, and Woodson, and Meses. Blackwell and Kluttz voted AYE. (5-0)

HIGHLIGHTS AND GOALS – HUMAN RELATIONS COUNCIL

Reverend Wayne Hougland, Chair of the Salisbury-Rowan Human Relations Council (HRC), and Ms. Ruth Kennerly, staff liaison, presented the HRC Highlights and Goals.

Reverend Hougland presented the HRC Vision Statement and Mission Statement:

- Vision Statement – “An inclusive community that lives with harmony, mutual respect and appreciation of diversity among all people”
- Mission Statement – “To create a secure environment of hospitality, inclusiveness, acceptance and appreciation of the diversity of the community”

Reverend Houghland noted the HRC hosted events throughout the year including:

- La Fiesta de Rowan
- Covenant Community Connection
- Let's Get Connected Day
- Dr. Martin Luther King, Jr. Day Celebrations
- Elizabeth Duncan Koontz Humanitarian Awards Banquet
- The Public Forums of the Covenant Community Connection.

Reverend Houghland reviewed the 2011-2012 Highlights:

- Public Forum Topics – Immigration and Neighbors with Disabilities
- New Partnerships – St. John's Lutheran Church, Novant, Knox Middle School, St. Luke's Episcopal Church, Rowan Cabarrus Community College (RCCC), Livingstone College
- Expanded presence in community – YMCA, County and City Parks, Knox Middle School
- Health Fair incorporated in one of the events – free screenings, HIV testing and more
- Increased youth participation in all events
- HRC Diversity Training
- Updated By-laws
- Revisited the purpose of the HRC

Reverend Houghland stated the HRC's Annual Retreat was held in October 2011. He noted Ms. Brenda Anderson with the Galilee Agency, Inc. served as Facilitator for their training.

Reverend Houghland reviewed the FY 2012-2013 Goals:

- Finalize By-laws and Ordinances
- Evaluate events
- Create a professional resource directory
- Implement orientation to those interested in joining the HRC

Reverend Houghland presented a proposed 2012-2013 Budget Request, with comparison budgets from the last three years.

Salisbury-Rowan Human Relations Council
2012-2013 Budget Request

	2009-2010 <u>Actual</u>	2010-2011 <u>Actual</u>	2011-2012 <u>Budget Request</u>	2012-2013 <u>Budget Request</u>
Total Program Income	\$5,314.84	\$6,9117.72	\$6,000.00	\$6,000.00
Total Sponsorships	\$10,200.00	\$14,400.00	\$11,000.00	\$14,000.00
Salisbury City Support	\$3,500.00	\$3,500.00	\$3,150.00	\$3,150.00
Rowan County Support	<u>\$3,500.00</u>	<u>\$3,500.00</u>	<u>\$3,150.00</u>	<u>\$3,150.00</u>
Total Income	\$22,514.84	\$28,311.72	\$23,300.00	\$26,300.00
Total Program Expenses	\$22,777.03	\$22,549.38	\$22,500.00	\$25,000.00
Total Administrative Exp	<u>\$1,109.69</u>	<u>\$1,358.73</u>	<u>\$1,500.00</u>	<u>\$1,500.00</u>
Total Expenses	\$23,886.72	\$23,908.11	\$24,000.00	\$26,500.00
Net Proceeds	(\$1,371.88)	\$4,403.61	(\$700.00)	(\$200.00)

Mayor Woodson thanked Reverend Houghland, Ms. Kennerly, and the HRC for its service to the community.

Councilmember Blackwell thanked the HRC for its service, and she encouraged the community to attend HRC sponsored events.

HIGHLIGHTS AND GOALS – PLANNING BOARD

Mr. Dick Huffman, Chair of the Planning Board, and Mr. Preston Mitchell, staff liaison, presented the Highlights and Goals for the Planning Board.

Mr. Huffman reviewed the 2011-2012 Goals (In addition to regular board caseload):

- Investigate development of a southern I-85 Corridor Plan where-by the end of the goal year the following has occurred:
 - Budget determined
 - Geographical parameters established
 - Necessary partnerships identified

- Conduct a study to consider amendments to the Land Development Ordinance (LDO) to allow for Concept (or Preliminary) Conditional Districts (CD's)
- Conduct a split-zoning study by Planning District
- Conduct a study to consider amendments to the LDO regarding fencing regulations

Mr. Huffman reviewed the 2012-2013 Goals (In addition to regular board caseload):

- Initiate development of a southern I-85 Corridor Plan whereby the end of the goal year the following has occurred:
 - Financing/Funding determined and sought
 - Partnerships furthered depending on geographic parameters
 - Preliminary Visioning Sessions held by new Steering Committee
- Finalize the Open Space Study
- Finalize the Use Matrix Study
- Conduct a split-zoning study by Planning District

Mayor Woodson thanked the Planning Board and staff for their dedication and hard work, and commented their dedication makes Council's job easier.

HIGHLIGHTS AND GOALS – ZONING BOARD OF ADJUSTMENT

Mr. Scott Robinson, Zoning Board of Adjustment (ZBA) Chair, and Zoning Administrator David Phillips presented the 2011 Highlights and 2012 Goals for the Zoning Board of Adjustment.

Mr. Robinson reviewed the 2011 Highlights:

- Meetings held – 2
- Administrative Review
 - 202 East Bank Street – Appeal decision of Code Enforcement Division Manager regarding the conditions at 202 East Bank Street – The ZBA upheld the decision of the Code Enforcement Manager with a 5-0 vote

Mr. Robinson reviewed the 2012 Goals:

- Continue training of members as workshops are available

Mayor Woodson thanked Mr. Robinson and members of the Zoning Board of Adjustment for the important service they provide to the community.

Councilmember Kennedy asked Mr. Robinson if he could recommend one of the Extra Territorial Jurisdiction (ETJ) alternates for the vacant ETJ regular seat on the ZBA. Mr. Robinson recommended Mr. Frank Thomason.

SPECIAL USE PERMIT AMENDMENT – A LITTLE SUMTHIN SUMTHIN

SUP-02-11 A Little Sumthin Sumthin, 117 West Innes Street

(a) Swearing In

Mayor Woodson indicated anyone who wished to speak for or against this item must be sworn in, and he asked those who would like to speak to come forward. Mayor Woodson administered the oath to the following:

Mr. David Phillips
 Ms. Debbie Evans
 Ms. Towanda Brown
 Ms. Deanna Corpening
 Mr. Leroy F. Bennett

(b) Ex Parte Disclosure

Mayor Woodson asked Council members if any member had heard or seen anything relating to the case, outside of what was printed in the *Salisbury Post*. There were no other ex parte disclosures.

(c) Mayor Woodson convened a public hearing, after due notice thereof, to receive testimony regarding an amendment to SUP-02-11.

Zoning Administrator David Phillips indicated the case before Council is a request for an amendment to a Special Use Permit (SUP) approved by Council in January 2012. He noted Council is aware, because of newspaper articles regarding the case, that after the SUP was issued for the ground floor of the boutique, it was disclosed that jazz programs were being held in the upper floor of the building. He stated there was a misunderstanding between the applicant and the City, and the applicant thought once permission was granted for the downstairs that alcohol could be sold and carried to the upper level. He indicated since alcohol will be sold on the upper level it must also be covered by the SUP to be in compliance. He noted the request is to amend the original SUP to include the upper level along with the rear portion of the lower floor that was approved in January 2012.

Mr. Phillips stated he, Planning and Development Services Manager Preston Mitchell and representatives from the Fire Department met with the applicant and observed the upper level. He noted what was taking place were private parties with brown bagging, which is allowed. He added there were a couple of occasions where alcohol was served, but it was done under a permit issued by the Alcoholic Beverage Control (ABC) Board. Mr. Phillips stated the events take place on the weekends, and he pointed out with the approved SUP Council did not limit the days, only the hours of operation.

Mr. Phillips noted the Fire Department inspected the upper floor and found minor infractions regarding the Fire Code, and the applicant is in the process of correcting the infractions. He stated one infraction regarded ingress and egress to the outside through a second entrance. He added this involved reversing the swing of the door to meet the Code.

Mr. Phillips stated when there is a use that includes music, a Dance Hall Permit is required to be issued by the Police Department. He indicated the Police Department has issued the Dance Hall Permit. Mr. Phillips stated the Police Department has also discussed security measures with the applicant and is satisfied with what has been seen with the use.

Mr. Phillips indicated the applicant is also required to have a separate business license for the nightclub/lounge area with alcohol sales. He noted the business license cannot be issued until staff knows the use will be approved because staff must sign-off on the ABC permit, which is required to obtain the business license.

Mr. Phillips informed Council the applicant has been working with the Historic Preservation Commission (HPC) regarding painting to the exterior of the building.

Mr. Phillips stated the applicant is meeting all of the requirements of the City in order to have the SUP amended. He noted the SUP is required if alcohol is sold, but brown bagging or private parties are not regulated by the SUP. He stated staff believes the applicant is doing all she can to meet the City's requirements. He added she must still meet the requirements of the ABC and Alcohol Law Enforcement (ALE) boards regarding those permits.

Councilmember Kennedy stated Mr. Phillips indicated a second entrance is required, and he asked if this has been handled. Mr. Phillips responded the Fire Marshall will make a second inspection, and the applicant can address Council's question. He added he knows the applicant was aware of the requirement.

Ms Debbie Evans, 629 West Council Street, indicated she is the proprietor of A Little Sumthin Sumthin. She stated the matter at hand is the amended and previously approved SUP for 117 West Innes Street. She noted given what was seen in the newspaper, the slanderous nature of what was published regarding her integrity and the legality of her establishment, she appreciates the time to address those concerns. Ms. Evans stated the printed word would lead one to believe that she has been operating completely outside of the rules and regulations of the City, which could not be further from the truth. She stated her respect for the law was learned early from her father, who was a 29 year veteran of the New York City Police Department. She stated she also gained an appreciation for community and networking as her father served his last 10 years in Community Affairs. Ms. Evans stated her service to the community since operating on the West Square has not, unfortunately, made the front page news. She noted the only aspect of her business that could be considered "illegal" is the absence of a City Dance Hall Permit for her second floor. She read the definition of Dance Hall from the permit, stating "the words Dance Hall means any hall, room, or building used in whole or in part for dancing to the music of an orchestra, radio, piano, jukebox or any other musical instrument, whether mechanical or otherwise, for which a charge is made for those attending, whether such charge be in the form of admission or entrance dues paid to the person conducting the establishment or whether such charge be a cover charge or proceeds derived from the placing of coins in mechanical instruments." Ms. Evans stated she has been assured by Police Chief Rory Collins and Captain Melonie Thompson that any and all establishments where patrons could dance will be required to have the same permit.

Ms. Towanda Brown, 315 Ashbrook Road, stated in late July 2011, prior to the completion of renovations, Ms. Evans requested a meeting with Code and Fire Officials for the purpose of determining proper use in the Code. She noted representatives from the Fire Marshal's Office and Code Enforcement were taken to the upper level of the building for the review. She indicated following the meeting Ms. Evans had the upper level inspected by Captain Rick Barkley for the purposes of general use and as part of the ABC permit process of August 8, 2011. Ms. Brown stated minor corrections were noted and successfully addressed as indicated in the fire inspection section of the North Carolina ABC inspection compliance form signed and dated August 9, 2011 by Captain Barkley. She noted an official Certificate of Occupancy was issued by the Fire Marshal's office legally allowing 89 people on the upper level, and the COA has been on prominent display ever since. Ms. Brown stated Chief Smith revisited the upper level following the December Planning Board meeting to reconfirm the occupancy, at which time no violations or changes were indicated. She indicated the upper level has been rented for fund raising efforts, special events and private functions three times. She noted the first was August 27, 2011, and on each occasion Ms. Evans has operated with the proper ABC permits in place and in full compliance of State ALE and ABC regulations. She added the function advertising a full bar on December 23, 2011 was rented by a local non-profit organization for a holiday party and operated in full compliance. Ms Brown stated the local Police Captain was required to sign the application for the permit prior to the issuance by the State. She indicated the permit was issued to the non-profit organization to sell alcohol as part of a fund raising effort, not the establishment. Ms. Brown noted a private party held December 30, 2011 which operated in full compliance under the ABC permit allowing the sale of alcohol. She stated in each instance the State issued the permit to the individual or organization, not the establishment as many have been led to believe.

Ms. Evans stated she appreciates the time before Council to clarify the fact that she does not take the privilege to serve or sell alcohol lightly. She indicated, as the business is knowledgeable, it will comply with all City, State and local regulations.

Ms. Deanna Corpening, 119 Hall Street, stated she remembers when A Little Sumthin Sumthin was about to begin and it was a place where Ms. Evans was going to let other people, such as herself, come and express themselves through poetry. She stated it gives other people their age to mingle with other people. She noted it is a beautiful place where visitors can sit and talk and get to know one another. She stated she hopes Council will keep Ms. Evans' establishment the way she wants it to be.

Mr. Leroy F. Bennett, 629 West Council Street, stated the business is a place that caters to a more mature crowd, where you must be at least age 35 or older. He indicated he has been in town a little over six months, and he has noticed this is an arts community. Mr. Bennett stated this venue allows for freedom of artistic expression, where not only poets come in, but also people from the Renaissance Festival. He commented local artists get a chance to display their artistic talents with the art work available for sale. He noted he was a struggling artist when he was in school, and he completed the mural behind the cash register. He stated if Salisbury is to continue to be an artistic community and allow artists to show artistic expression and freedom, Council should approve the request.

Mayor Woodson then administered the oath to Mr. Bill Evans.

Mr. Bill Evans, 629 West Council Street, stated the last time he and his wife were at the Council meeting the SUP was approved. He commented after they left, another meeting was held after the fact, and he asked if it is protocol to hold a meeting after the fact.

Mayor Woodson stated he is unaware of any meeting following the Council meeting. He stated all Council meetings are public, and no meeting following the Council meeting was held.

There being no one else present to present testimony, Mayor Woodson closed the public hearing.

Mayor Woodson stated Council wants everyone to do well in the City. He added Council does not want to harm anyone, but must have all of the facts for the safety of citizens. He noted the reason this is being re-opened is to ensure everything is correct and in order.

Councilmember Miller stated it his observation that the reason this is before Council is because the petitioner did not fully understand what was covered by the first request. He added perhaps if more had been asked about the intent of the use, much of this could have been addressed with the first application. He noted the SUP is specific to a certain area, and once it was determined the specific area intended to be used did not match what was approved, it became the only reason this had to come before Council again. Mr. Phillips stated this is correct.

Mr. Miller indicated, from his perspective, this is a clerical correction and not a re-opening of the case, and he sees no reason not to support this. He stated this is just a formality of trying to make sure the SUP covers the intent of the operator, and he is prepared to support the correction.

Mr. Kennedy moved to find the following Findings of Fact:

- A. The use meets all required principles and specifications of the Ordinance and any adopted plans and is in harmony with the general purpose and intent and preserves its spirit by the evidence that has been presented:
 - The site must meet all applicable regulations of the City of Salisbury and Rowan County
 - The applicant must meet all North Carolina ABC and ALE laws and regulations
- B. The proposal as submitted and approved will be visually and functionally compatible to the surrounding area as evidenced by the testimony Council heard:
 - The use will be located in an existing mixed-use downtown building that is visually and functionally compatible to the surrounding area
 - The use of bar/tavern/nightclub will utilize the rear portion of the ground floor boutique and the lounge/nightclub will utilize the entire second floor area
 - Any improvements to downtown building facades are regulated by the Historic Guidelines of the Historic Preservation Commission

C. The public health, safety and welfare will be assured and the proposed development will not substantially injure the value of adjoining property and associated uses if located where proposed by the following evidence:

- At their regular meeting of January 3, 2012, when this SUP was originally approved, the City Council assured the public health, safety and welfare by limiting SUP-related events to between 8 p.m. and 1 a.m.
- Preliminary occupancy approval was granted by the Fire Marshal on Friday, January 6, 2012, subject to the applicant making required improvements to ingress and egress of the second floor space
- Per email communication, the Police Department has issued the required Dance Hall Permit and noted “comfort” with the establishment’s proposed security plan
- The applicant is currently working with the Business License Officer to obtain all required privilege licensing subject to issuance of the required ABC permit
- No evidence has been submitted by a qualified, licensed property appraiser indicating that this, or other uses with alcohol sales, has been injurious to surrounding property values

D. The proposed establishment is not located within 500 feet of any lot containing a school.

Mr. Miller seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

Thereupon, Mr. Kennedy made a **motion** to amend Special Use Permit SUP-02-11 to allow for a bar/tavern/nightclub use by allowing the sale and consumption of alcoholic beverages on the ground and second floors of 117 West Innes Street, Salisbury, North Carolina based on all general standards of the Salisbury Land Development Ordinance having been met. Mr. Miller seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

RESOLUTION APPROVING LOCAL WATER SUPPLY PLAN

Utilities Engineer Jeff Jones addressed Council regarding the Local Water Supply Plan (LWSP). He explained North Carolina General Statutes require all public water systems adopt a Local Water Supply Plan that addresses system consistency and planning for growth of the water supply system. He noted the North Carolina Department of Environment and Natural Resources (NCDENR) has reviewed the 2007 Plan update submitted by SRU and determined it meets the criteria established by North Carolina General Statutes. He indicated the final step for NCDENR approval is the submission of a Resolution by City Council approving the 2007 Local Water Supply Plan.

Thereupon, Ms. Blackwell made a **motion** to adopt a Resolution approving the 2007 Local Water Supply Plan for the City of Salisbury. Mr. Miller seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

RESOLUTION APPROVING THE 2007 LOCAL WATER SUPPLY PLAN FOR THE CITY OF SALISBURY

(The above Resolution is recorded in full in Resolution Book No. 14 at Page No. 2, and is known as Resolution 2012-02.)

CONTRACT TO MARTIN STARNES & ASSOCIATES, CPAS, P.A. FOR AUDITING SERVICES FOR FY 2012

Finance Manager Wade Furches addressed Council regarding a contract to Martin Starnes and Associates for auditing services for Fiscal Year 2012. He explained every four years the Finance Department receives proposals from qualified Certified Public Accountant (CPA) firms to conduct the City's annual financial audit for the next four years. He noted the current contract with Martin Starnes and Associates covers the audit for the fiscal year ending June 30, 2012. He stated the proposed contract cost is \$32,800, which is the amount Martin Starnes estimated when it prepared its proposal three years ago. He indicated although a four-year contract is in place, each contract must be brought before Council on a yearly basis.

Councilmember Kennedy asked how many years Martin Starnes and Associates had conducted the City's financial audit. Mr. Furches stated this is the fourth year of the contract, and added the City will initiate bids for the next contract in the coming months.

Thereupon, Ms. Kluttz made a **motion** to award a contract in the amount of \$32,800 to Martin Starnes and Associates, CPAs, P.A. for auditing services for fiscal year ending June 30, 2012. Mr. Kennedy seconded the motion. Messrs. Kennedy, Miller, Woodson, and Ms. Blackwell and Kluttz voted AYE. (5-0)

TRAFFIC ON WEST THOMAS STREET BETWEEN MAIN STREET AND FULTON STREET

Traffic Operations Manager Wendy Brindle addressed Council regarding traffic on West Thomas Street between Main Street and Fulton Street. She stated in October 2011, the Traffic Operations Division received a citizen request regarding speeding and cut-through traffic on West Thomas Street. She displayed an aerial map of the area, and noted the request included multi-way stops on Thomas Street at its intersection with Church Street and with Jackson Street.

Ms. Brindle stated staff collected data through a speed study. She explained the proposed section of Thomas Street is primarily residential and is posted at 25 mph. She noted the study indicated an 85th percentile speed of 35 mph, meaning 85 percent of the vehicles are traveling 35 mph or slower with an average speed of 28 mph. She stated there has been one reported accident susceptible to correction by a multi-way stop over the last three years at Thomas and Church Streets, and one reported accident for the same period at Thomas and Jackson Streets.

Ms. Brindle referenced the Manual on Uniform Traffic Control Devices (MUTCD) which states stop signs should not be used for speed control. She stated the MUTCD clearly defines the intended purpose of stop signs and identifies traffic conditions that warrant multi-way stops. She noted the MUTCD guidelines for multi-way stops include:

- As an interim measure where traffic signals are warranted and urgently needed
- To address a documented accident problem, of a type susceptible to correction by a multi-way stop installation (minimum of five accidents in a 12 month period)
- Where the minimum traffic volumes, pedestrian volumes, and side street delay exceed prescribed thresholds

Ms. Brindle stated Thomas Street carries approximately 1,200 vehicles per day. She noted Jackson Street carries approximately 170 vehicles per day, and Church Street carries approximately 280 vehicles per day.

Ms. Brindle explained the volume, speed, and crash history do not meet minimum thresholds established by the MUTCD for consideration of a multi-way stop. She stated staff recommends upholding the MUTCD guidelines that stop signs should only be used where appropriate criteria exists.

Councilmember Kennedy asked Ms. Brindle to define a cut-through, and stated citizens are allowed to use any street in the City. Ms. Brindle stated citizens do have the right to use any street in the City, and it would be hard to identify cut-through traffic at this location due to the grid layout in the downtown area.

Mayor Woodson stated according to MUTCD standards, traffic on West Thomas Street between Main Street and Fulton Street is appropriate. Ms. Brindle stated her recommendation from an engineering standpoint, is that multi-way stops would not be an appropriate way to control speed on this section of the street. Mayor Woodson noted traffic is flowing correctly and 28 mph seems to be a reasonable speed. Ms. Brindle replied 28 mph is the average speed, and 35 mph is the 85th percentile speed.

Mayor Pro Tem Kluttz stated concerns have been expressed to Council regarding this section of Thomas Street. She thanked Ms. Brindle for taking the time to complete the traffic study and asked about placing stop signs where they are not warranted. Ms. Brindle explained unwarranted stop signs lead to drivers disobeying traffic rules. She noted studies have also shown that drivers speed up between stop signs resulting in increased noise in the neighborhood.

Mayor Woodson asked Ms. Brindle if she had met with the petitioner. Ms. Brindle indicated she had not met the petitioner personally but spoke to her over the telephone. She stated the petitioner indicated she may submit a letter to Council.

Mayor Woodson thanked Ms. Brindle for her report.

BOARDS AND COMMISSIONS

Zoning Board of Adjustment

Upon a motion by Mr. Kennedy, seconded by Ms. Kluttz, and with Messrs. Kennedy, Miller and Woodson and Meses. Blackwell and Kluttz voting AYE, the following appointment was made to the Zoning Board of Adjustment to be an Extra Territorial Jurisdiction (ETJ) member from alternate member:

Mr. Frank Thomason

Term Expires 3/31/14

INTERIM CITY MANAGER'S COMMENTS

(a) Quarterly Financial Information

Interim City Manager Doug Paris recognized Assistant City Manager John Sofley and Human Resources Analyst II Karen Ingram to present the second quarter Financial Report.

Mr. Sofley stated the largest revenue for the City is property tax, and he displayed a graph showing property tax values at midyear. He explained property was re-valuated last year, and the Tax Assessor estimated property value in the City at \$2.7 billion. He noted the City has currently billed \$2.676 billion and will approach \$2.8 billion by year end.

Mr. Sofley displayed a graph showing Property Tax Collection percentage at Mid-Year:

- FY2008 - 76%
- FY2009 - 79%
- FY2010 - 77%
- FY2011 - 81%
- FY2012 - 82%

Mr. Sofley pointed out the City has collected 82% of the total property tax billed. He noted collections are up from last year and added this may be due to improvements in the economy.

Mr. Sofley reviewed Sales Tax Revenues at Mid-Year:

- FY2008 - \$1,222,057
- FY2009 - \$1,246,921
- FY2010 - \$1,110,730
- FY2011 - \$1,153,345
- FY2012 - \$1,300,044

Mr. Sofley noted the City has collected \$1.3 million in sales tax revenue through mid-year. He explained collection is significantly higher than the budgeted amount and exceeds revenue received over the last several years, another indicator the economy is improving.

Mr. Sofley reviewed Sales Tax Receipts – Projected versus Actual:

<u>Month</u>	<u>Projected</u>	<u>Actual</u>
July	\$400,834	\$428,218
August	\$394,719	\$436,682
September	\$362,605	\$435,144
October	\$388,398	\$385,565

Mr. Sofley explained Sales Tax is received on a monthly basis, approximately three months after it is paid by citizens and remitted to the State of North Carolina. He explained the month of October is included to show the variance of the collections from month to month.

Mr. Sofley reviewed State Franchise Tax Receipts at Mid-Year:

<u>Year</u>	<u>Actual</u>	<u>Budget</u>
FY2008	\$603,385	\$2,309,380
FY2009	\$614,951	\$2,431,490
FY2010	\$606,226	\$2,595,613
FY2011	\$663,942	\$2,595,613
FY2012	\$641,653	\$2,600,000

Mr. Sofley explained the State Franchise Tax consists of taxes the State places on utilities. He noted the City collects a percentage of this tax, and he pointed out the amount collected can be affected by a number of factors, including weather.

Mr. Sofley reviewed General Fund revenues compared to the amount budgeted mid-year. He explained the City has collected 54.8% or \$18,398,802 of the budgeted \$33,562,315. He added he expects the City to be over 50% mid-year due to the majority of property tax being collected during the first half of the year.

Mr. Sofley explained expenditures in the General Fund are front-loaded, meaning they occur during the first half of the year. He noted many of the City's contracts are due at the first of the fiscal year, and it is normal for the City to be at, or slightly over, 50% at the midyear point. He stated the City is currently at 49%, or slightly under the projected amount.

Mr. Sofley reviewed Water and Sewer Fund monthly revenues, in regards to what was budgeted against actual receipts. He displayed a graph and noted the City is slightly below the anticipated amount. He stated Water and Sewer sales are slightly above the budgeted amount due to peak use customers. He indicated the City has currently received 53.8% or \$12,598,014 of the \$23,433,974 budgeted Water and Sewer Fund revenue.

Mr. Sofley reviewed Water and Sewer Fund expenditures versus the budgeted amounts through mid-year. He explained the expenditures are lower due to Water and Sewer debt service payments that are due during the second half of the fiscal year. He stated when the third quarter financials are presented, expenditures will increase.

Mr. Sofley then reviewed the Fibrant Fund. He stated the customer base is growing at a steady rate, approximately 120 new customers per month. He noted a slight drop in signups over the holiday season, and stated in January 2012, Fibrant exceeded 1,700 customers. He indicated growth is steady and consistent though slightly less than the business plan projected.

Mr. Sofley reviewed Fibrant expenses versus revenue at mid-year. He explained due to inter-fund loans, expenses and revenue amounts are equal. He indicated with the inter-fund loan the City is at approximately 58% of the budgeted amount due to front-loaded expenses in Fibrant that are related to system contracts.

Mr. Sofley then reviewed Transit Fund revenues. He noted the majority of Transit revenue, other than fares, is based on grants and expenditures. He explained due to a strong ridership the City has received 54% of its budgeted revenue during the first six months of the fiscal year, and Transit expenditures are at 44% of the budgeted amount for the year.

Mr. Sofley concluded by stating the second quarter financial information will be posted on the City's website.

Mayor Woodson stated the City appears to be in good financial shape. Mr. Sofley agreed and noted City funds are strong at this point. He pointed out Fibrant is slightly behind on projected sign-ups, and added the reduced number of signups results in lower installation and programming costs.

Mayor Woodson stated Fibrant is taking in over \$200,000 per month or approximately \$2.5 million per year. Mr. Sofley stated that was correct.

Councilmember Miller thanked Mr. Sofley for the report. He stated interim reports with revenue exceeding the budget, and expenses less than budgeted are encouraging. He noted he looks forward to receiving this information quarterly so citizens will know the financial shape of the City. He thanked Mr. Sofley for the informative report.

Interim City Manager Doug Paris asked Ms. Karen Ingram to update Council regarding the Health Care Fund. Ms. Ingram stated since the financial audit, Human Resources and the Finance Department have worked together to monitor the Health Care Fund. She noted at the time of the audit, the Health Care Fund had \$540,000 in claims incurred but not reported. She indicated at the beginning of the fiscal year the Health Care Fund had a balance of \$112,333. She explained deposits to the account through employee and employer contributions totaled \$3,555,707 at the end of January. She stated the City paid \$3,135,921, leaving a balance of \$532,119 in the Health Care Fund. She pointed out the cash balance has increased every month but one since the beginning of the fiscal year.

Ms. Ingram explained in January 2012, the City amended its policy regarding medical insurance for retirees. She noted going forward retirees are no longer allowed to cover their dependants on the City Health Insurance Plan. She stated retirees who return to work for another employer, and are eligible for health insurance with the new employer, will forfeit coverage under the City's group health plan without right of reinstatement. She stated retiree health insurance will not be available to employees hired on or after January 1, 2012.

Ms. Ingram stated the national trend in medical insurance claims is a nine percent increase. She noted the City's projection of claim increases is less than four percent. She explained the City is evaluating options to promote a healthy lifestyle among employees and dependants, and she thanked Council for its support in current and future initiatives.

(b) Temporary Street Closure Rowan Regional Medical Center

Interim City Manager Doug Paris asked Traffic Engineer Wendy Brindle to update Council regarding the mobile Catheterization Laboratory at Rowan Regional Medical Center. Ms. Brindle stated in November 2011, a request was brought before Council to modify an earlier request to place a mobile Catheterization Laboratory on Mocksville Avenue. She noted the laboratory was scheduled to be in place from January until August 2012. She indicated due to delays the laboratory will be set Saturday, February 11, 2012. She explained the installation will require the use of a crane, and Mocksville Avenue will be closed between Confederate Avenue and Barker Street from 8:00 a.m. until 12:00 noon. She stated once the laboratory is in place it should be there for approximately eight months.

MAYOR'S ANNOUNCEMENTS

(a) 27th Annual Future Directions and Goal Setting Retreat

Mayor Woodson announced the Salisbury City Council will hold its 27th Annual Future Directions and Goal Setting Retreat February 9-10, 2012.

(b) Housing Advocacy Commission

Mayor Woodson announced the City of Salisbury is seeking applicants for the newly created Housing Advocacy Commission. Applications are available online at www.salisburync.gov under the Boards and Commissions tab. Applications are also available at the City Clerk's Office located at 217 South Main Street, or by calling 704-638-5224.

CLOSED SESSION

Mayor Woodson requested a motion to go into closed session concerning a personnel matter as allowed by NCGS 143-318.11(a)(6).

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Thereupon, Mr. Kennedy made a **motion** to go into closed session concerning a personnel matter as allowed by NCGS 143-318.11(a)(6). Ms. Blackwell seconded the motion. Messrs. Kennedy, Miller, Woodson, and Ms. Blackwell and Kluttz voted AYE. (5-0)

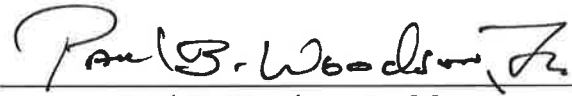
RETURN TO OPEN SESSION

Thereupon, Ms. Kluttz made a **motion** to return to open session. Mr. Miller seconded the motion. Messrs. Kennedy, Miller, Woodson, and Ms. Blackwell and Kluttz voted AYE. (5-0)

Mayor Woodson announced no action was taken in Closed Session.

ADJOURNMENT

Motion to adjourn the meeting was made by Mr. Miller, seconded by Mr. Kennedy. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 5:44 p.m.


Paul B. Woodson, Jr., Mayor


Myra B. Heard, City Clerk